

Chapter Thirteen

Financial Management

Overview

Policy

All WIC program funds received by the Arizona Department of Health Services (ADHS) will be accurately documented and all expenditures made according to procedures set forth in the State of Arizona Accounting Manual.

In this chapter

This chapter is divided into three (3) sections which detail state and local responsibilities and the Monthly Summary Report and one (1) appendix.

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Section A

State Responsibilities

Overview

State agencies are required by statute to submit to the State Finance Division encumbrance documents. Encumbrance documents detail all proposed obligations for Outside Professional Services, In-State and Out-of-State Travel, and Capital Equipment.

In addition, it is the policy of ADHS that all proposed obligations of \$50.00 or more be encumbered. ADHS Accounting Office must confirm the availability of funds before encumbrances are submitted to the State Finance Division.

Outside professional services and travel

Control of program funds expended for Outside Professional Services and Travel will be maintained by use of the Department Encumbering Procedures. These procedures are outlined in ADHS Procedures Manual, Section IV, Part 3 (**see pages VI-5 through VI-13**)

Personnel services

Personnel are specifically assigned to established positions classified under the Uniform Classification Plan administered by the Personnel Division of the Arizona Department of Administration (ADOA).

Payroll charges for personnel assigned to those positions specifically identified in the Arizona WIC Program will be charged against the appropriate State Administrative Budget and Cost Center.

All charges to Personnel services and Employee Related categories shall be calculated by the ADHS Payroll Section.

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Capital expenditures

Requests for encumbrance for Capital Equipment, expenditures over \$1,000.00, and encumbrances of all other Program funds will be authorized by the Chief of the Office of Nutrition and Chronic Disease Preventions Services (ONCDPS), or the WIC Coordinator, or their designee. After the purchase is completed, a copy of the vendor's invoice and an equipment inventory list will be submitted to the State Agency.

Equipment inventory

Documentation of items costing more than \$5,000.00 will be sent to ADHS Inventory Control. Inventory Control will assign an equipment number and add the item to the ADHS's Inventory Listing. An equipment number tag will be forwarded to the location of the equipment and permanently affixed to the item.

A computerized inventory listing is printed annually for each equipment location showing all equipment numbers, equipment description, cost, date acquired, and the source of funds which purchased the equipment. In this way, property purchased with program funds can be distinguished from other property.

Contracts more than \$10,000

State statutes require Requests for Proposals (RFP), advertising, sealed bids, and contracts for all Outside Professional Services more than \$10,000.00. The State agency will comply with all provisions of ARS Title 41, Chapter 6.1, Sections 41-1051 as outlined in the ADHS Procedures, Section IV, Part 3.

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Contractor's Expenditure and Requirements Report

All Contractor's Expenditure and Requirements (CER) Reports will be signed by the Chief of ONCDPS, WIC Coordinator or an individual specifically designated by the Chief, ONCDPS. This signature certifies that the local agency's performance is satisfactory and that payment can be advanced according to that agency's contract.

ADHS reserves the right to withhold funds requested for advance payment in the event program reports are not received or other contract requirements are not being met. Funds can be withheld until such time as the reports are received or ADHS is satisfied that contract requirements are met.

Account ledgers

The ADHS Accounting Office will maintain a complete, accurate and current accounting of all program funds received and expended. A complete self-balancing group of accounts will be maintained for the WIC Program fund. These records will be used to prepare all WIC financial reports required.

All funds advanced up to the limit established by the contract, and all expenditures reported by the respective CER report, will be recorded in that local agency's file.

A separate ledger card will be established, by line item, from the budget page of the current contract with each respective local agency.

Financial management system

The ADHS Controller will issue to the local agencies the procedures for designing and maintaining a financial management system "Accounting and Auditing Procedures Manual for ADHS Funded Programs". **(See guidelines on page VI-14 through VI-55.)**

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Financial management system

Likewise, the state administrative costs will be compared to the proportionate share of the state budget. These rates will be compared with the time elapsed on the contracted budget to determine over/under-spending or disproportionate spending between line item categories.

Determination of costs - food

Total food obligations for the month, and cumulatively, for the federal fiscal year, (as calculated for the FNS-798 report), will also be compared to budgeted amounts.

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Section B

Monthly Summary Report and Follow-Up

Using the data on food and administrative costs, the WIC Coordinator will compile a summary report by the 27th of each month containing:

Participation figures	Total participation and local agencies significantly above and below assigned caseload.
Expenditures	Total administrative expenditures broken out by State agency and local agencies, monthly and cumulative figures, and percentages of proportionate budget for the fiscal year.
Obligations	Obligations, both monthly and cumulative figures, and percentages of proportionate budget.
Cost per participant	Average cost per participant for food and administration, both monthly and cumulatively, for the fiscal year.

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Section C

Local Agency Responsibilities

Fiscal management system

Each local agency will design and maintain a fiscal management system which accurately accounts for all program funds received and expended. The system will enable the local agency to submit an accurate CER report no later than 30 calendar days following the end of the report month.

The system will include the minimum records, source documents, and procedures set forth in the Arizona DOA Procurement Rules and Regulations (see Appendix A).

Capital equipment purchases

Each local agency will request prior approval from the WIC Coordinator or designated representative before expending Program funds for any equipment costing more than \$5,000.00. After approval is received and equipment is purchased, a copy of the vendor's invoice and a Capital Equipment Expenditure (CEE) report will be submitted for reimbursement.

For those items costing more than \$5,000.00, the CEE report and the invoice(s) will be kept at the State Agency.

For those items costing more than \$5,000.00, the above forms will be forwarded to Inventory Control so that identification tags can be issued. Upon receipt of the equipment number tag, it will be affixed to the equipment.

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ADP equipment / software purchase

Prior approval by the WIC Coordinator or designated representative is required for all ADP items (hardware and software) costing less than \$25,000.00 purchased with program funds. Purchases costing more than \$25,000 require USDA Food and Nutrition Service approval in addition to State Agency approval. After the purchase is completed, a copy of the vendor's invoice and an equipment inventory list will be submitted to the WIC State Agency.

Note: All equipment purchased must be encumbered within the contract period for which the funds are budgeted, i.e., by September 30th of that year.

Annual inventory

Each local agency will annually inventory all property purchased with program funds and submit a certified correct copy of the inventory to the ADHS Inventory Control Officer by January 31st.

Inventory records will identify all items and their locations. The records should identify items as paid for with WIC funds. Equipment should be kept where specified. If equipment is removed from the premises, an ADHS Capital Equipment Control Report must be completed to document its new location.

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Appendix A: Procurement Rules and Regulations

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Arizona Procurement Rules and Regulations

This document is issued by the Arizona State Procurement Office as a convenience to those persons involved with public procurement in this State. It is a compilation, in one place, of those statutes, A.R.S. 41-2501 et seq., and administrative rules and regulations A.A.C. R2-7-101 et seq. that constitute the Arizona Procurement Code ("Code").

To review and/or download the latest edition of the Arizona Procurement Rules and Regulations in PDF format, click [here](#) or copy and paste the following web address into your Internet browser:

<http://www.azspo.az.gov/PoliciesDocuments/pcode/code.pdf>

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Appendix B: Contractor's Expenditure and Requirements Report

Contractor's Expenditure and Requirement Report Instructions

This is a multi-purpose form for use by agencies who have a Negotiated Service Contract with the Arizona Department of Health Services. It should be filled out, signed by an authorized person and mailed to the Department not later than the 15th day of the month following the expenditure period or in accordance with the contract. Later submission will delay the allotment of contract funds for the following month.

1. Contract Number
2. Contractor's Name
3. Title of program
4. Reporting Period Covered: From _____ To _____

A. Check appropriate box:

- ☐ Cost Reimbursement – Cumulative Actual expenditures from the beginning of the Contract Period.
- ☐ Fixed Price – reimbursement type contract.

B. Check appropriate box.

5. Detailed statement of expenditures (Cost Reimbursement)

ITEM a. Approved budget indicates the total budget for the current contract term. The Line Item Budget per the contract price sheet must be shown.

ITEM b. Prior Report Period Year to Date Expenditures are taken from Column D (Total Year to Date Expenditures) of the CER for the prior reporting period.

ITEM c. Current Reporting Period Expenditures are accumulated expenses incurred from the beginning of the Reporting Period Covered, broken down by line item.

ITEM d. Total Year to Date Expenditures = Column B (Prior Report Period Year to Date Expenditures) plus Column C (Current Reporting Period Expenditures).

6. Detailed Statement of Fixed Price Contracts

A. Type of Unit – From unit description/deliverable on price sheet.

ITEM 1. Rate per Unit from contract price sheet.

ITEM 2. Number of Units Provided for the current Reporting Period.

ITEM 3. Item (1) times Item (2) = Total Funds Earned this Reporting Period.

ITEM 4. Prior Report Period Year to Date Funds Earned are taken from Column 5 (Total Year to Date Funds Earned) of the CER for the prior reporting period.

ITEM 5. Item (3) plus Item (4) = Total Year to Date Funds Earned.

7. Contractor Certification: it is the responsibility of the Chief Executive Officer of the reporting agency to insure valid representation of the agency's expenditures or units reported on Fixed Rate Contracts. Once satisfied, the Chief Executive Officer must sign and date the report. Only an original signature will be accepted.

Arizona Department of Health Services
Accounting/Contracts
1740 W. Adams Street
Phoenix, Arizona 85007

CONTRACTOR'S EXPENDITURE REPORT

1. Contract Number _____ P.O.# _____
2. Contractor's Name _____
3. Title of Program _____
4. Reporting Period Covered: From _____ To _____

- 4A. ☐ Cost Reimbursement -
Cumulative Actual Expenditures
☐ Fixed Price
4B. ☐ Periodic Report
☐ FINAL REPORT

Contractor's Detailed Statement of Expenditures and Fixed Price				
5. COST REIMBURSEMENT (Actual Expenditures)	Approved Budget (a)	Prior Report Period Year to Date Expenditures (b)	Current Reporting Period Expenditures (c)	Total Year to Date Expenditures (d)
A. Account Classification:				
Personal Services and ERE				
Professional and Outside Services				
Travel Expenses				
Other Operating Expense				
Capital Outlay Expense				
Other				
Total				
6. FIXED PRICE				
A. Type of Unit:	Rate per Unit (1)	Total Funds Earned this Reporting Period (3)	Prior Report Period Year to Date Funds Earned (4)	Total Year to Date Funds Earned (5)
TOTAL				

ADHS USE ONLY	THIS SECTION FOR ADHS ACCOUNTING USE ONLY		
	Total Expenditures or total Fixed Price		
ADHS PROGRAM COORDINATOR CERTIFICATION:	Adj (if required):		
<input type="checkbox"/> Performance satisfactory for payment	Less: Year to date payments		
<input type="checkbox"/> Performance unsatisfactory, withhold payment	Adj (if required):		
<input type="checkbox"/> No payment due	Net payment due:		
	Index	PCA	AY Amount
PROGRAM COORDINATOR SIGNATURE/DATE	AUTHORIZED CONTRACTOR'S SIGNATURE/TITLE/DATE		

**Arizona WIC Program
Annual Cost Summary**

Local Agency:
Fiscal Year:

	Client Svcs	Nutr. Ed.	B/F Promo.	Admin
Personnel & ERE				
Professional & Outside Services				
Travel Costs				
Occupancy Costs				
Other Operating Costs				
Capital Costs				
Indirect Costs				
TOTAL				

Signature of Program Director

Submit this report to:
Business and Financial Manager
Office of Chronic Disease Prevention and Nutrition Services
150 N. 18th Ave, Suite 310
Phoenix, AZ 85007